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Economic Development

REPORT ON PLANS AND PRIORITIES 2009-2010

Estimates

Christian Paradis

Minister of Public Works and Government Services
and Minister responsible for the Economic Development
Agency of Canada for the Regions of Quebec

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MESSAGE FROM THE MINISTER RESPONSIBLE FOR THE AGENCY

To sustain the Canadian economy during the global economic downturn, the Government of Canada tabled *Canada's Economic Action Plan* on January 27, 2009. Investment provided for in this plan will boost economic growth, re-establish confidence and come to the assistance of Canadians and their families during this global recession. The plan contains measures to support enterprises and communities, and will help Canada preserve its economic advantages that will make it more competitive and foster long-term economic growth.

Regions and communities, along with small- and medium-sized enterprises—the engines of regional development—are faced with some complex economic challenges. In that context, the Agency's mandate for economic development of Quebec's regions is even more timely.

The Government of Canada is determined to support regions and communities in economic diversification and the creation of new opportunities. It also undertakes to support SMEs' projects for growth, commercialization, innovation and exports by playing a leading role in the creation of conditions conducive to their development.

Through the *Community Adjustment Fund*, a measure announced in *Canada's Economic Action Plan*, the Government will reinforce its support for projects that contribute to the diversification of communities and the growth of Quebec enterprises.

Christian Paradis

Minister of Public Works and Government Services
and Minister responsible for the Economic Development
Agency of Canada for the Regions of Quebec

MESSAGE FROM THE MINISTER OF STATE FOR THE AGENCY

The publication of the *Report on Plans and Priorities* provides an opportunity to present our commitments with respect to regional economic development. This year the exercise is particularly timely, taking place as it does during a period of great economic instability.

Such factors as the U.S. economic downturn, tight credit and fluctuating financial markets, combined with structural issues, including the difficulty of hiring a skilled labour force and increased foreign competition, have hit the Quebec economy hard.

Hard economic times mean we have to take action that reflects the current reality in all regions of Quebec. To that end, the Agency will collaborate on the implementation of the *Community Adjustment Fund* announced in *Canada's Economic Action Plan*.

In addition, three program priorities will guide the Agency over the coming years: accelerating regions' and communities' adjustment to the new economic context; reinforcing the performance of innovative, competitive SMEs; and implementing the Regional Development Research program.

The Agency will strengthen its support for the completion of projects whose ripple effect will be beneficial for the development of regional economies. With its local and regional partners, and in conjunction with other provincial and federal departments, it will support economic development and thus take part in increasing the vitality of our communities and the competitiveness of our enterprises.

Despite the difficult economic outlook, it is with a great deal of dynamism and confidence in the future that I am beginning my first year as Minister of State. I invite you to read this *Report on Plans and Priorities 2009-2010*, in which you will find all the commitments made by the Agency in order to respond to the economic challenges of today and the future.

Denis Lebel

Minister of State for the Economic Development Agency of Canada for the Regions of Quebec

1 AGENCY OVERVIEW

1.1 Summary information

1.1.1 Raison d'être

Object

Under its Act, which came into effect on October 5, 2005, the object of the Agency is to promote the long-term economic development of the regions of Quebec by giving special attention to those where slow economic growth is prevalent or opportunities for productive employment are inadequate. In carrying out its object, the Agency shall take such measures as will promote cooperation and complementarity with Quebec and communities in Quebec.

Vision

In the long term, Quebec's regions and communities will have increased their development capabilities, dynamism and prosperity in a significant, lasting manner for the benefit of their residents.

In the performance of its mandate, the Agency takes an integrated approach to regional development

Global: it takes economic, social, cultural and environmental dimensions into account in the design of policies, programs and initiatives.

Territorial: it establishes strategies geared to the type of area defined in terms of similar socio-economic issues.

Horizontal: it builds on cooperation and collaboration with federal partners, the Government of Quebec and Quebec communities.

Participatory: it elicits participation by the economic stakeholders concerned.

1.1.2 The Agency in action

The Agency aims to increase communities' vitality and reinforce the competitiveness of Quebec enterprises and regions. It covers all areas of Quebec through its 14 business offices and its advisors, and acts primarily in relation to small- and medium-sized enterprises (SMEs) and non-profit organizations (NPOs).

The Agency can also count on a network of federally funded development organizations across Quebec: 57 Community Futures Development Corporations located in designated rural regions; 10 Business Development Centres located in peri-urban areas; and 14 Community Economic Development Corporations located in disadvantaged urban areas.

Through its regular programming and programs under mandates from other departments, the Agency offers consulting, guidance and information services, as well as financial assistance.

Regular programming:

- *Community Diversification*
- *Business and Regional Growth*
- *Regional Development Research*
- *Community Futures Program (CFP)*

Programs under mandates from other departments:

- Infrastructure Canada Program – Canada-Quebec Agreement 2000
- Canadian Apparel and Textile Industries Program (CATIP) – CANtex component

The Agency's advisors offer consulting services to entrepreneurs or local and regional stakeholders in economic development, particularly with respect to the Agency's financial assistance programs; collaborators also likely to provide financial assistance; enterprise startup, productivity, innovation or exports; and potential partnership opportunities. The Agency also offers guidance services. Whether a promoter is looking to fine-tune a business plan, action plan or project, or to put together a financing package and find funding sources, the Agency's advisors guide him from the design stage of his project through to its execution. The Agency can also provide support to communities by playing an active role in the mobilization, revitalization or development of a given sector or target area.

The Agency funds Info entrepreneurs[1] in Montréal and Ressources Entreprises[2] in Québec – two Canada Business Service Centres located in Quebec– which provide business information services and referrals to specialized resources to entrepreneurs or local and regional stakeholders in economic development.

1.2 Strategic outcomes and Program Activity Architecture (PAA)

To fulfil its mandate, the Agency pursues three strategic outcomes. The following table shows the comprehensive framework of program activities and sub-activities, along with their contribution to these three strategic outcomes. This report presents the plans and priorities in relation to these components. Further information on the Agency's three strategic outcomes is presented in section 2.

1 www.infoentrepreneurs.org

2 www.ressourcesentreprises.org/Afficher.aspx?page=1&langue=en

Strategic outcomes	Program activities	Program sub-activities
Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base	*Development of communities*	▪ *Mobilization of communities* ▪ *Local development* ▪ *Attractive communities*
	Infrastructure	▪ *Water quality* ▪ *Highways and public transportation* ▪ *Urban or regional projects* ▪ *Special infrastructure-dedicated programs*
	Special intervention measures	▪ *Community adjustment to economic shocks* ▪ *Community adjustment to natural disasters*
Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions	*Competitiveness of enterprises*	▪ *Development of enterprises' capabilities* ▪ *Strategic enterprises*
	Competitive positioning of sectors and regions	▪ *Competitiveness poles* ▪ *International promotion of regions*
Policies, programs and cooperative actions that strengthen the economy of Quebec regions	*Policies, programs and initiatives*	▪ *Analysis and research* ▪ *Policies and programs* ▪ *Representation influence* ▪ *Cooperation and collaboration*

1.3 Planning summary

This section provides an overview of planned human resources (expressed as full-time equivalents) and financial resources (grants and contributions, and operations), along with a summary chart portraying Agency planning for the next three fiscal years. Further information is presented in section 2.

In *Canada's Economic Action Plan*, tabled on January 27, 2009, additional funding was announced for support for regions and communities, and for community recreational infrastructure. In this RPP, financial tables and established results targets do not reflect measures announced in the Action Plan.

For each strategic outcome, and each of its program activities, the Agency has established results targets. The scope and duration of the anticipated economic downturn will have an impact on the Agency's ability to attain those results targets. Indeed, regional economic development depends on local and regional enterprises and economic stakeholders who design and execute projects it supports. The Agency does not have absolute control over the results attained. The economic situation over the coming year and the business opportunities arising from it will influence the quantity, scale, timetable and success rate of projects it supports.

Financial resources *(in thousands of dollars)*			Human resources *(Full-time equivalent – FTEs)*		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
305,392	*245,689*	*247,532*	411	378	373

Strategic outcome #1: *Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base*

Performance indicator Communities' devitalization index		**Five-year target (from 2007-2008 to 2011-2012)** Communities' vitality is maintained or increased			
Program activities	**Forecast spending 2008-2009** *(in thousands of dollars)*	**Planned spending** *(in thousands of dollars)*			**Alignment to Government of Canada outcomes**
		2009-2010	**2010-2011**	**2011-2012**	
Development of communities	*135,683*	*138,936*	*134,262*	*136,694*	Strong economic growth[3]
Infrastructure	*27,338*	*45,588*	*768*	*305*	Strong economic growth[3]
Special intervention measures	—	—	—	—	Strong economic growth[3]
Total planned spending	***163,021***	***184,524***	***135,030***	***136,999***	

3 www.tbs-sct.gc.ca/pubs_pol/dcgpubs/mrrsp-psgrr/wgf-cp-eng.asp

Strategic outcome #2: *Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions*

Performance indicator Measurement of SMEs' and regions' competitiveness		**Five-year target (from 2007-2008 to 2011-2012)** The competitiveness of SMEs assisted and the regions is maintained or increased			
Program activities	**Forecast spending 2008-2009** *(in thousands of dollars)*	**Planned spending** *(in thousands of dollars)*			**Alignment to Government of Canada outcomes**
		2009-2010	**2010-2011**	**2011-2012**	
Competitiveness of enterprises	*80,647*	*71,961*	*74,260*	*74,260*	Strong economic growth[3]
Competitive positioning of sectors and regions	*44,288*	*22,842*	*12,038*	*12,038*	Strong economic growth[3]
Total planned spending	*124,935*	*94,803*	*86,298*	*86,298*	

Strategic outcome #3: *Policies, programs and cooperative actions that strengthen the economy of Quebec regions*

Performance indicator Level of complementarity of policies, programs and initiatives		**Five-year target (from 2007-2008 to 2011-2012)** Alignment of our policies, programs and initiatives with Quebec regions' needs and Government of Canada priorities			
Program activity	**Forecast spending 2008-2009** *(in thousands of dollars)*	**Planned spending** *(in thousands of dollars)*			**Alignment to Government of Canada outcomes**
		2009-2010	**2010-2011**	**2011-2012**	
Policies, programs and initiatives	*7,181*	*5,689*	*5,324*	*5,324*	Strong economic growth[3]
Total planned spending	*7,181*	*5,689*	*5,324*	*5,324*	

1.4 Contribution of priorities to strategic outcomes

The global economic instability which Canada has to address and the challenges associated with it affect all Quebec regions. In this context, the Agency has to help SMEs and communities face the economic downturn.

To that end, the Agency has selected five priorities for Fiscal Year 2009-2010: three program priorities, and two management priorities. These are in line with those presented in the Agency's Report on Plans and Priorities in 2008-2009.

Program priorities:

- Accelerate regions' and communities' adjustment to the new economic context
- Reinforce the performance of innovative, competitive SMEs
- Implement the Regional Development Research program.

Management priorities:

- Continue implementing the Departmental plan for enhancing program effectiveness
- Reinforce performance- and risk-based monitoring, analysis and decision-making.

Priorities represent the most important areas on which the Agency has decided to focus. It plans its priorities and allocates part of its resources to them on the basis of the regions' new socio-economic challenges, departmental results, and in response to new government priorities. The Agency's overall intervention is covered in section 2, which presents total planned spending by program activity.

Overview of contribution of priorities to strategic outcomes

Program priorities	Type[1]	Links to strategic outcomes (SO)	Description
Accelerate regions' and communities' adjustment to the new economic context	Previously committed to	**SO #1:** Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base **Link to program activity:** *Development of communities*	**Why is this a priority?** This priority is linked to *Canada's Economic Action Plan*, which aims to sustain Canada's economy during the global economic downturn. In that context, some Quebec communities could be especially vulnerable. **Plans for meeting the priority[2]** Regional business plans – by emphasizing: ▪ support for entrepreneurship and creation or maintenance of viable enterprises ▪ communities' attraction capability.
Reinforce the performance of innovative, competitive SMEs	Previously committed to	**SO #2:** Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions **Link to program activity:** *Competitiveness of enterprises*	**Why is this a priority?** It contributes to enhancing SMEs' international competitiveness and improving citizens' standard of living. The economic downturn will affect SMEs' investment projects, and the Agency must continue its efforts in relation to enterprises. **Plans for meeting the priority[2]** Regional business plans – by emphasizing: ▪ enterprises' strategic capabilities ▪ startup of innovative enterprises.
Implement the Regional Development Research program	New	**SO #3:** Policies, programs and cooperative actions that strengthen the economy of Quebec regions **Link to program activity:** *Policies, programs and initiatives*	**Why is this a priority?** The program could reinforce the capability of all regional development stakeholders to intervene more effectively in the future (lessons learnt, trends, etc.) **Plan for meeting the priority** ▪ implementation of the program.

Continued on page 12

Overview of contribution of priorities to strategic outcomes (continued)

Management priorities	Type[1]	Links to strategic outcomes (SO)	Description
Continue implementing the Departmental plan for enhancing program effectiveness	Previously committed to	SO #1 and SO #2 Link to program activity: *Internal Services*	**Why is this a priority?** The Agency has committed to increasing efficiency in delivery of its programs and services. This commitment is in line with a Government of Canada action plan to enhance delivery of grants and contributions. **Plan for meeting the priority** ▪ complement the management agenda initiatives by focussing on alleviating the administrative burden on promoters and the Agency.
Reinforce performance- and risk-based monitoring, analysis and decision-making	Previously committed to	SO #1, SO #2 and SO #3 Link to program activity: *Internal Services*	**Why is this a priority?** The Agency has committed to implementing government initiatives with respect to enhanced expenditure and results management. **Plans for meeting the priority** ▪ enhance monitoring of expenditures, results and risk ▪ enhance analysis capability.

Notes:

1 Priority **previously committed to** – committed to in the first or second fiscal year prior to the subject year of the report; **new** priority – newly committed to in the reporting year of the RPP.

2 Other measures could be drawn up and implemented during the year in support of this priority.

1.4.1 Program priorities

Priority #1: Accelerate regions' and communities' adjustment to the new economic context

Since the economic context is particularly difficult, the Agency plans to support and foster the completion of projects likely to respond to the issues specific to Quebec's regions and communities, in order to mitigate socio-economic adjustment difficulties, renew the entrepreneurial base and facilitate economic diversification by building on their specific assets and potential on the industrial, tourism, cultural or knowledge fronts.

Furthermore, the demographic reality of an aging population also affects entrepreneurs, many of whom are thinking of retiring. In that context, there is a likelihood of enterprises closing down, especially in the regions, if the business succession does not exist or has not yet developed the skills to run these enterprises.

The Agency acts tangibly by drawing up and implementing regional business plans for each of its 14 business offices. These plans take into account the needs, issues and opportunities associated with the socio-economic contexts of the different regions of Quebec, and reflect departmental priorities. The Agency intends to focus its action particularly on the following two fields:

Support for entrepreneurship and for creation or maintenance of viable enterprises

The Agency will help communities through support for entrepreneurship and for the creation, development or maintenance of viable enterprises of local or regional scope. In this way, it will contribute to enriching the entrepreneurial fabric and increasing the number and quality of enterprises and entrepreneurs. On the business succession front, the Agency will look at how it can support entrepreneurs so that business transfers occur successfully.

Increasing communities' attraction capability through their tourist and industrial attractions

The Agency plans to increase communities' attraction capability through tourism outreach and the presence of assets, conditions and community facilities. This will help attract and retain tourists and skilled individuals, and contribute to increased dynamism and prosperity. In particular, the Agency intends to support projects to develop International cruise industry ports of call.[1]

Other measures could be drawn up and implemented during the year in support of this priority.

Through this first priority, the Agency is stepping up its efforts to achieve the outcomes of the *Development of communities program activity*.

Priority #2: Reinforce the performance of innovative, competitive SMEs

Through this priority, the Agency is intensifying its efforts to achieve the outcomes of the *Competitiveness of enterprises* program activity, thus aiming for the enhanced competitiveness, on a global scale, of innovative and competitive SMEs.

The Agency will take account of the difficult economic context in analysing projects and may back projects deemed higher-risk. It will act tangibly through regional business plans and it intends to focus its action particularly on the following two areas.

4 www.dec-ced.gc.ca/eng/programs/applying/cruise.html

Development of enterprises' strategic capabilities

Declining export demand, tighter credit and lower projected revenues will affect SMEs' investment projects. To help SMEs and the regions of Quebec negotiate this period of turbulence, the Agency will continue to support intervention that enables enterprises to enhance their capabilities in terms of management, innovation, adoption of new technology and integration with value chains.

Support for startup of innovative SMEs

The Agency intends to support the startup of innovative enterprises in economic activities deemed strategic for a region's development in order to consolidate the regions' economic base.

Other measures could be drawn up and implemented during the year in support of this priority.

Priority #3: Implement the Regional Development Research program

Through this priority, the Agency is stepping up its efforts to achieve the outcomes of the *Policies, programs and initiatives program activity*.

In a knowledge economy, knowledge is a key factor in competitiveness for regions, communities and enterprises. Development issues are complex, and development stakeholders require a shared understanding of these issues facing them in order to be able to work in a concerted manner and generate tangible, sustainable results.

The goal of the Regional Development Research program is to generate and disseminate knowledge on issues, problems and best practices in regional development. In the current economic context, this program could reinforce capabilities for preparing the future. Its implementation will lead to the sharing of knowledge and collaboration by decision-makers, experts and economic development organizations.

1.4.2 Management priorities

In early 2008, the Agency established a management plan that contributes to fine-tuning certain business practices to ensure sound management of public funds and report its results more effectively. The management priorities for 2009-2010 stem from this management agenda. They are also in line with those mentioned in the Agency's *Report on Plans and Priorities 2008-2009*, since their implementation plans were spread over more than one year.

Priority #4: Continue implementing the Departmental plan for enhancing program effectiveness

The Agency intends to continue implementing its Departmental plan for enhancing the delivery of grants and contributions. This plan follows up on the recommendations of the Blue Ribbon Panel report on increasing transparency in administrative processes, reducing application processing times, reducing the administrative burden on clientele, standardizing procedures across departments and improving inter-departmental coordination and collaboration. The Agency was designated as one of the vanguard departments invited to determine the measures the Government of Canada should take in response to the report. To implement these measures, following the report's recommendations, the Agency dedicated resources which come from all of its sectors.

In line with the sustained effort it made in 2008-2009, the Agency reiterates its commitment to alleviating the administrative burden on project promoters and itself by integrating risk management in the delivery of grants and contributions.

Priority #5: Reinforce performance- and risk-based monitoring, analysis and decision-making

The Agency intends to continue its commitment to the progressive, integrated implementation of several government-wide initiatives associated with enhancement of expenditure and results management, such as the *Management Accountability Framework* and the *Management, Resources and Results Structure* policy. Implementation began in 2007-2008 with Phase 1, aimed at reinforcing management mechanisms by establishing, for instance, a performance management framework and corporate risk profile.

The Agency carried out Phase II in 2008-2009 by improving the reliability of information and establishing experimental result targets. The introduction of new tools to facilitate collection and monitoring indeed led to an improvement in the quality of performance information. This is a commitment that will continue to require some effort over the next few years.

In 2009-2010, the Agency will initiate Phase III by devoting more effort to monitoring and analysis of results, expenditures and risk. By planning regular, more systematic reviews of costs associated with the results obtained, managers will be able to make more enlightened decisions and contribute to enhancing the Agency's overall performance.

1.5 Analysis of risks and challenges

Economic cycles affect the Agency's ability to fulfil its object of economic and regional development. Over the past decade, the Quebec economy posted sustained growth. This created an environment conducive to the development of enterprises, regions and communities, thereby facilitating the achievement of results by public regional development organizations. In that economic context where external factors were favourable, the Agency was able to guide Quebec's regions and communities to increase their contribution to that economic growth.

Like most of the world's economies, however, growth prospects for the Quebec economy are deteriorating. The U.S. recession, disturbances on global financial markets and declining consumer confidence are rapidly changing the Quebec economic context. In the short term, Quebec has to address some significant challenges: decreased export demand; tighter credit; and slower growth in consumer spending. This change in outlook has translated into strong downward movement in the growth rate, which should stand at 0.8% in 2008 and 0.6% in 2009, and a deteriorating labour market.

First of all, the manufacturing sector, which had been experiencing difficulties since the middle of the decade, will be affected. Quebec has one of North America's largest manufacturing industries, accounting for 19.2% of gross domestic product (GDP). As this industry is highly dependent on the U.S. market (averaging 81% of international exports between 2004 and 2008), it is particularly exposed and vulnerable to the U.S. recession. But the impact will be felt to varying degrees depending on the subsector. Those already experiencing competitiveness problems associated with competition from emerging nations will be especially hard hit. Overall, the economic downturn will make it harder to implement the changes needed in the manufacturing industry, particularly with respect to labour productivity growth.

Second, access to funding by enterprises and consumers will be negatively affected by the turbulence in global financial markets that leads to tighter credit conditions from Canadian banks. This factor, along with the market downturn, will lead to the cancellation or reversal of several investment decisions. The Agency can already see a repositioning associated with this difficulty, as experienced by the enterprises it deals with.

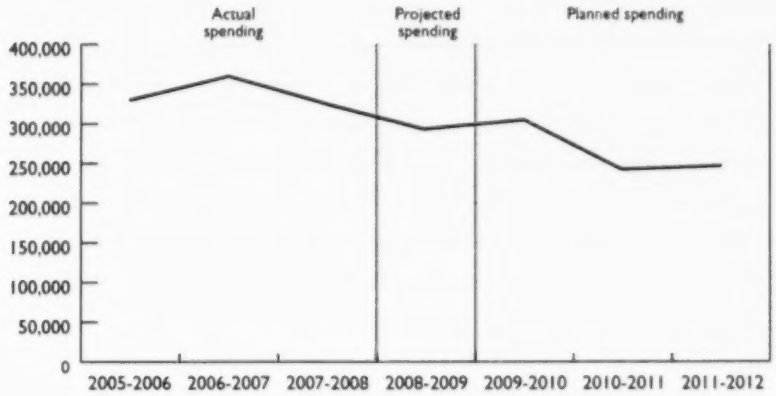
Finally, Quebec domestic demand will also be hit by the slowdown in consumer spending (60% of Quebec's GDP). In fact, the economic context is prompting households to adjust their consumption of durable goods downward. This deceleration will be all the more marked, the deeper the contraction in the labour market is.

In the context of a significant economic downturn, such medium-term economic and regional development goals as enhancing SMEs' productivity, transitioning to a high value-added manufacturing sector, innovation, and reinforcing the resilience of economically vulnerable communities pose even more demanding challenges.

Faced with rapid changes in all these external economic factors, affecting to varying degrees the economy of the regions of Quebec, the Agency's challenge will be to meet effectively the needs that emerge from Quebec enterprises, regions and communities. Overall, this significant downturn will force economic stakeholders to revise their strategies. In 2009-2010, the Agency will therefore be especially proactive in its interpretation of challenges and opportunities to be grasped, and in how it can help the communities and SMEs it serves.

1.6 Expenditure profile

SPENDING TREND
(in thousands of dollars)



The Agency plans a gradual reduction in its spending over the next few years. Expenditures will total $247.5 million in 2011-2012, including $204.3 millions in grants and contributions. This decrease is primarily attributable to the termination of temporary funding for specific projects, such as the 400th anniversary of Québec and the *Chantier de l'économie sociale* Trust, and the expiry of programs under mandates for which the Agency received dedicated funding (Infrastructure Canada Program [ICP]and Canadian Apparel and Textile Industry Program [CATIP] – CANtex component). But planned grant and contribution spending associated with permanent funding of the Agency's regular programs remains quite steady (down 5% between 2005-2006 and 2011-2012).

1.7 Voted and statutory items

(in thousands of dollars)

Voted or statutory item ($)	Truncated vote or statutory wording	2008-2009 Main Estimates[5]	2009-2010 Main Estimates[6]
1	Operating expenditures	*44,104*	*41,880*
5	Grants and contributions	237,959	240,435
(S)	Contributions to employee benefit plans	5,324	5,113
	Total	**287,387**	**287,428**

The Main Estimates 2009-2010 amount of $287.4 million is $41,000 higher than the 2008-2009 figure.

The table does not reflect measures announced in the 2009 Budget, *Canada's Economic Action Plan.*

5 www.tbs-sct.gc.ca/est-pre/20082009/p2_e.asp

6 www.tbs-sct.gc.ca/est-pre/20092010/p2-eng.asp

2 ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

This section provides information on the Agency's strategic outcomes and program activities. For each program activity, a *Program activity summary* sub-section presents a brief description, and a *Planning highlights and benefits for Canadians* sub-section outlines how each program activity will support the plans, priorities and strategic outcomes set out in section 1.

2.1 Strategic outcome #1: *Dynamic and revitalized communities that have a better socio-economic outlook and are developing their economic activity base*

Several regions or communities whose economy is traditionally based on natural resources and which are generally far from the major markets are having difficulty diversifying their economic base. Moreover, owing to their heavy economic dependency on a small number of industries or sectors, these communities are often hardest hit in the event of a crisis in one of their dominant sectors. The global economic downturn is likely to lead to even greater adjustment difficulties for communities posting slow economic growth and those dependent on traditional economic sectors or the manufacturing sector.

It is in that perspective that the Agency pursues its object of helping Quebec communities posting slow economic growth increase their development capability and dynamism. Furthermore, it intervenes financially in all communities to renew and construct infrastructure to improve citizens' quality of life.

The Agency achieves this strategic outcome through the following three components:

- *Development of communities* – by helping Quebec regions and communities maintain and develop their economic activity base by building on their own assets.
- *Infrastructure* – by renewing and constructing quality public infrastructure in rural and urban communities in Quebec.
- *Special intervention measures* – by supporting communities facing major economic shocks or natural disasters.

The Agency has grant and contribution programs to achieve this strategic outcome, namely, Community Diversification, Community Futures Program (CDP), and Infrastructure Canada Program – Canada-Quebec Agreement 2000.

Through its programs, the Agency provides financial assistance and easily accessible services based on quality service standards, delivered by advisors working in its 14 business offices: consulting services, information services, and guidance services.

Through its actions, the Agency sets itself a five-year target (2007-2008 to 2011-2012) for the vitality of communities to be maintained or increased. This first strategic outcome is in line with the Government of Canada's outcome: *Strong economic growth*.

2.1.1 Program activity: *Development of communities*

Human resources (FTEs) and Planned spending *(in thousands of dollars)*[1]

2009-2010		2010-2011		2011-2012	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
118	*138,936*	111	*134,262*	111	*136,694*

Program activity expected results	Performance indicators	Annual targets (2009 2010)[1]
Communities are pursuing a development vision and implementing resulting initiatives.	Number of communities that have mobilized, established development or diversification plans and implemented development or diversification initiatives and projects	30
	Number of development initiatives and projects that have been or are being implemented	Ongoing performance measurement
Enterprises are contributing to community economic growth and maintenance.	Proportion of SMEs assisted that maintained or increased their sales	Seven out of 10 SMEs have maintained or increased their sales
	Number of jobs created, number of jobs maintained and number of enterprises maintained	Ongoing performance measurement
Communities are recognized for their distinctiveness, brand image and outreach.	Value of investment in community facilities	$100 million
	Increase in the number of tourists from outside Quebec	Ongoing performance measurement

Note:

1 The table does not reflect measures announced in *Canada's Economic Action Plan*.

Program activity summary

A community's vitality depends on its ability to use its assets to develop, grow and flourish. The Agency fosters the dynamism of Quebec communities through the maintenance and development of their economic activity base.

The goals targeted by the *Development of communities* program activity are the following:

- Community mobilization: foster the development of communities and increase their mobilization through development of visions and projects of local and regional scope.
- Local development: assist communities through entrepreneurship support and the creation or maintenance of viable enterprises.
- Attractive communities: increase communities' capability to attract tourists and skilled individuals.

Planning highlights and benefits for Canadians

This program activity enables Quebec regions and communities to maintain and develop their economic activity base. This is all the more crucial since the period of economic instability is likely to generate a negative impact on communities' vitality, such as an increase in the number of vulnerable communities, closing down of SMEs of local and regional scope, or a drop in the number of tourists from outside Quebec.

Maintenance or improvement of qualify of life within communities is a pre-condition for creating an environment that enables enterprises and regions to become more competitive. In conjunction with other economic and regional development stakeholders, the Agency intends to increase support for communities so they can diversify their economic activity base by stimulating the emergence of new entrepreneurs and enterprises, and by attracting and retaining tourists from outside Quebec and a skilled labour force.

The Agency's intervention in *Development of communities* is in line with the *Accelerate regions' and communities' adjustment to the new economic context* priority. To pursue this priority, the Agency intends to implement regional plans, placing special emphasis on renewal of the entrepreneurial base and on increasing communities' attraction capability through their tourist and industrial attractions.

2.1.2 Program activity: *Infrastructure*

Human resources (FTEs) and Planned spending *(in thousands of dollars)*[1]

2009-2010		2010-2011		2011-2012	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
14	*45,588*	7	*768*	3	*305*

Program activity expected results	Performance indicators	Targets[1,2]
Rural and urban communities have quality public infrastructure.	Municipalities have quality drinking water available	3,873 households will have access to a municipal water supply
	Municipalities benefit from safe transportation infrastructure	549,744 households will have access to a municipal water supply providing higher quality drinking water
	Maintenance and renewal of assets improve communities' economic activity base	19,063 additional households will have access to a municipal wastewater collection and treatment system
		847,788 households will have access to a municipal wastewater collection system providing higher quality treatment
		262 municipalities will benefit from the establishment or upgrading of transportation infrastructure

Notes:

1 The table does not reflect measures announced in *Canada's Economic Action Plan*.

2 Targets cover all Infrastructure Canada Program project since its inception.

Program activity summary

Quality infrastructure is fundamental to prosperous communities. It attracts enterprises and workers, guarantees efficient movement of goods, or yet contributes to quality of life and a healthy environment. The Government of Canada has created a series of programs to renew and constructpublic infrastructure. This effort is made in conjunction with the provinces, territories, municipalities, First Nations and the private sector. In Quebec, all programs are implemented in partnership with the Government of Quebec.

The Agency manages the Infrastructure Canada Program in Quebec. Announced in 2000, this program aims to

- enhance the quality of the environment
- support long-term economic growth
- upgrade community infrastructure
- build 21st-century infrastructure through best technologies and practices and new approaches.

To contribute to achieving these goals, ICP funds the restoration, replacement and construction of drinking water, wastewater and local transportation infrastructure, or infrastructure that has an urban or regional economic impact. ICP should terminate in 2009-2010, since all projects accepted under the program have to be completed by March 31, 2010.

Other infrastructure programs follow the ICP. The Agency takes part in their implementation, and Infrastructure Canada is accountable for them. Both announced in 2005, the Municipal Rural Infrastructure Fund pursues the goals of the ICP, while the Canada Strategic Infrastructure Fund is aimed at large-scale infrastructure projects.

Planning highlights and benefits for Canadians

The human resources and planned spending indicated in the table above cover all the Agency's activities with respect to infrastructure. Since the Agency is accountable only for the ICP, however, this section concerns that program alone. Planning highlights with respect to the other programs can be found in Infrastructure Canada's[7] Report on Plans and Priorities.

In implementing this program activity, the Agency will increase the number of households that have access to new drinking water and wastewater infrastructure, or to existing infrastructure that provides higher quality drinking water or better wastewater treatment. The Agency will also increase the number of municipalities benefiting from new cultural, sports, local transportation or recreational infrastructure or from the upgrading of such infrastructure.

Since the ICP will be in its final year in 2009-2010, the Agency will provide cumulative data on the program in its corresponding Departmental Performance Report.

2.1.3 Program activity: *Special intervention measures*

Program activity summary

The Agency does not have funds devoted to this program activity. Special intervention measures come to the assistance of communities and regions facing significant economic shocks or natural disasters. In those situations, in the event of additional dedicated funding from the Government of Canada, the Agency temporarily puts special adjustment measures in place whereby communities can support their economic activity and initiate action to help them regain a balance or find economic stability.

7 Infrastructure Canada's Web site: www.infc.gc.ca

This program activity has two goals:

- Community adjustment to economic shocks: facilitate the definition and implementation of development and diversification opportunities in communities affected by the disappearance of major sources of employment. The Agency assists communities and regions facing major economic shocks.
- Community adjustment to natural disasters: facilitate the adjustment of communities facing natural disasters.

2.2 Strategic outcome #2: *Presence of conditions conducive to sustainable growth and the competitive positioning of SMEs and regions*

Enterprises and regions operate in a context featuring a strong process of economic integration including, among other things, the increased presence of emerging economies (China, India). Combining with the growing pace of technological progress, this generates multiple opportunities (access to new markets and new ideas) but also brings substantial adjustments (redeployment of workers, new business models). It is through an increase in the competitiveness of SMEs and regions that wealth and employment will be created.

Over the next year, the economic downturn should have a negative impact on the growth and competitive positioning of SMEs and regions. In that context, the Agency will have to continue to work with the other economic development stakeholders to help enterprises and regions become better equipped to negotiate this period of economic instability. The Agency will also have to be innovative in its intervention so as to support enterprises and regions more effectively.

Taking this environment into account, the Agency's action with respect to competitiveness fosters development of enterprises' strategic capabilities, networks, innovation and knowledge, and the inflow of investment. This intervention ultimately aims at reinforcing the conditions conducive to sustainable growth and the competitive positioning of regions and SMEs.

The Agency achieves this strategic outcome through the following components:

- *Competitiveness of enterprises* – by helping enterprises improve their performance, become more competitive and engage in more innovation to facilitate their sustainable growth.
- *Competitive positioning of sectors and regions* – through the development of clusters, transfer of technology and research outcomes to enterprises and creation of conditions conducive to attracting foreign investment and international organizations.

Of these components, the Agency intends to focus its efforts on *Competitiveness of enterprises*.

The Agency has grant and contribution programs to achieve this strategic outcome, namely: Business and Regional Growth and the Canadian Apparel and Textile Industries Program (CATIP– CANtex component).

Through its programs, the Agency offers financial assistance as well as consulting services, information services and guidance services provided by its advisors in the 14 business offices.

Through its action, the Agency sets itself a five-year target (2007-2008 to 2011-2012) for the competitiveness of SMEs assisted and the regions to be maintained or increased. This second strategic outcome contributes to attainment of the Government of Canada's outcome: *Strong economic growth.*

2.2.1 Program activity: *Competitiveness of enterprises*

Human resources (FTEs) and Planned spending *(in thousands of dollars)*[1]

2009-2010		2010-2011		2011-2012	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
53	*71,961*	50	*74,260*	50	*74,260*

Program activity expected results	Performance indicators	Annual targets (2009-2010)[1]
Assisted enterprises are using their strategic capabilities.	Proportion of SMEs assisted having maintained or increased their sales	Seven out of 10 SMEs have maintained or increased their sales
	Number of enterprises which have improved their value chain management or integrated a value chain	140
	Average increase in foreign sales	Ongoing performance measurement
Products and services derived from R&D are being commercialized.	Average increase in sales of products and services deriving from R&D	Ongoing performance measurement
New enterprises and strategic capital investments are consolidating the economic base of the regions.	Number of innovative enterprises created or expanding	Ongoing performance measurement
	Number of jobs created	Ongoing performance measurement

Note:

1 The table does not reflect measures announced in *Canada's Economic Action Plan.*

Program activity summary

This program activity enables enterprises to improve their performance and become more competitive by increasing their productivity, revenue earned and job levels, thus contributing to creating conditions conducive to sustainable growth.

To support the competitive of enterprises, the Agency has two goals:

- development of enterprises' capabilities – by improving capabilities with respect to management, innovation, adoption of advanced technology, market development, and integration with globalized production chains; and by encouraging support for organizations dedicated to improving enterprises' strategic capabilities in order to enhance SMEs' performance and contribute to their adjustment
- support for strategic enterprises – by supporting the establishment and first phases of expansion of enterprises in economic activities deemed strategic for a region's development so as to consolidate its economic base.

Planning highlights and benefits for Canadians

To help Quebec SMEs and regions negotiate the period of turbulence generated by the global economic downturn, the Agency will have to continue to support intervention that enables enterprises to improve their productivity. The Agency will use the tools available to it to help enterprises improve their performance and increase their competitive capability with respect to a highly competitive market.

The Agency's intervention with respect to *Competitiveness of enterprises* is directly in line with the *Reinforce the performance of innovative, competitive SMEs* program priority. To pursue this priority, the Agency intends to implement regional plans, paying special attention to development of enterprises' capabilities (management, innovation, adoption of advanced technology and integration with value chains) and startup of innovative SMEs.

2.2.2 Program activity: *Competitive positioning of sectors and regions*

Human resources (FTEs) and Planned spending *(in thousands of dollars)*[1]					
2009-2010		2010-2011		2011-2012	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
36	*22,842*	33	*12,038*	33	*12,038*

Program activity expected results	Performance indicators	Annual targets (2009 2010)[1]
Competitiveness poles are being developed and consolidated.	Number of enterprises networked or taking part in networks	Ongoing performance measurement
Clusters or networks of enterprises in the same sector or region are better structured.	Average investment in applied research projects	Ongoing performance measurement
	Number of technology transfers	Ongoing performance measurement
The innovation commercialization process is generating medium- and long-range social and economic spinoffs.	Number of spinoff enterprises	Ongoing performance measurement
Competitive regions are attracting direct foreign investment and international organizations.	Jobs created and maintained in Quebec as a result of foreign direct investment	Ongoing performance measurement
	Number of international organizations established in Montréal	Ongoing performance measurement

Note:

1 The table does not reflect measures announced in *Canada's Economic Action Plan.*

Program activity summary

This program activity aims to improve regions' international competitiveness by enhancing their knowledge and competitive advantages on the international stage.

The two goals targeted by this program activity are:

- Development of regional competitiveness poles and national- and international-calibre poles of excellence. To achieve this, the Agency supports innovation and networking of knowledge players; development of a critical mass of knowledge in sectors and regions; and technology enhancement and transfer.

- Enhancement of the international competitiveness of Quebec regions. To achieve this, the Agency supports the integrated promotion of locational factors, attraction of foreign direct investment and reinvestment by foreign firms already established in Quebec.

Planning highlights and benefits for Canadians

This program activity aims primarily to develop and consolidate competitiveness poles by fostering alliances among enterprises in the same sector. With the global economic downturn, it will be all the more important to encourage enterprises to work together and form alliances that will help them get through it more effectively.

The Agency's intervention with respect to this program activity contributes to the regions becoming more competitive and to the poles helping enhance Canada's competitive positioning.

2.3 Strategic outcome #3: *Policies, programs and cooperative actions that strengthen the economy of Quebec regions*

Under its Act, the Agency draws up policies and programs to promote the development and diversification of the economy of Quebec regions by fostering cooperation and complementarity with Quebec and communities in Quebec.

Through this strategic outcome, the Agency analyses the needs of Quebec regions and communities in relation to regional economic development, and aims to cater to those needs by drawing up policies, programs and initiatives, and through representation and collaborative activities, while ensuring alignment with Government of Canada priorities.

In particular:

- The Agency helps development stakeholders make enlightened decisions by conducting and disseminating analyses and research on regional development trends, challenges and issues.
- The Agency improves its policies, programs and initiatives through the integration of best practices and emerging approaches in regional economic development.
- The Agency moves forward the issues of Quebec's regions through representation and influence activities so that Government of Canada decisions with an impact on regional economic development are more closely geared to the realities of the regions, including the identification of opportunities for enterprises.
- The Agency ensures sound management of public funds by collaborating with other government agencies working in economic development.

With the implementation of its third priority in 2009-2010, the Agency will have a grant and contribution program to achieve this strategic outcome, in the form of the Regional Development Research program. This strategic outcome contributes to attainment of the Government of Canada's outcome: *Strong economic growth*.

2.3.1 Program activity: *Policies, programs and initiatives*

Human resources (FTEs) and Planned spending *(in thousands of dollars)*					
2009-2010		2010-2011		2011-2012	
FTEs	Planned spending	FTEs	Planned spending	FTEs	Planned spending
48	*5,689*	44	*5,324*	44	*5,324*

Program activity expected results	Performance indicator	Targets (2009-2010)
Quebec communities and regions benefit from adapted, consistent and effective federal action (policies, programs and initiatives) that generates socio-economic spinoffs, and Quebec communities and regions can grasp development opportunities.	Extent to which policy analysis and research projects are helpful	Production and dissemination of knowledge on regional development issues, problems and best practices

Program activity summary

This program activity gives Quebec regions and communities the opportunity to benefit from federal action which, in particular, helps create and disseminate knowledge with respect to economic and regional development that is helpful for development stakeholders, and grasp business and development opportunities.

Four goals support this program activity:

- Analysis and research: help development stakeholders have overarching facts and data available to them to enlighten their reflection and facilitate their decision-making with respect to development trends, challenges and issues.
- Policies and programs: meet the needs of Quebec communities and regions by drawing up strategic directions, programs, initiatives, policies and guidelines that are adapted and timely.

- Representation and influence: ensure that the realities of Quebec regions and communities are taken into account in the government's directions and programs, and enable them to grasp more effectively such business and development opportunities as may stem from national initiatives. This translates, for instance, into access to Canada-wide funds and programs and industrial and regional spinoffs from large-scale government projects, including National Defence contracts.
- Cooperation and collaboration: give Quebec regions and communities the opportunity to take advantage of coherent, effective, concerted action when issues, needs or opportunities arise that can benefit from federal collaboration or cooperation with non-federal agencies, or when such collaboration is necessary or beneficial for the Agency or the government.

Planning highlights and benefits for Canadians

The significant results obtained in 2007-2008 (Performance Report) were proof positive of the importance of consolidating the contribution of Quebec communities and regions to Canada-wide economic growth. The growth outlook for the global economy has since deteriorated substantially. In that context, Quebec's enterprises and communities will be directly hit by the world economic downturn, and especially by declining export demand and the credit crunch.

Bearing in mind the numerous challenges arising from the current economic context and building on the attainment of the goals targeted by this program activity, the Agency gives priority to reinforcing the foundations for future prosperity. To that end, the Agency's plan in the short term is to reinforce capabilities to prepare the future. The goal is to generate and disseminate knowledge on regional development issues, problems and best practices. Exploring themes associated with current Agency programming will make it possible to share knowledge in order to create collaboration among decision-makers, experts and economic development organizations. In a medium-term perspective, the plan also calls for development of strategies geared to specific, area-related challenges while paying particular attention to the development of policies to increase innovation capability, facilitate globalization and stimulate SMEs' investment. Beyond these new avenues, the Agency will continue to work in collaboration with its federal partners to see through the policies and initiatives that are in line with its mandate.

Thus, the Agency will be in a position to guide and equip Quebec's regions, enterprises and communities more effectively to address the new challenges and issues of the current economic context while preparing them for future prosperity.

2.4 Program activity: *Internal Services*

This program activity supports the achievement of all the Agency's strategic outcomes.

Internal Services are groups of related activities and resources that are administered to support the needs of programs and other obligations of an organization. For the Agency, these groups are:

- Governance and Management Support
- Resource Management Services
- Asset Management Services.

Internal Services include only those activities and resources that apply across an organization and not those provided specifically to a program.

Financial resources *(in thousands of dollars)*			Human resources (FTEs) *(full-time equivalent)*		
2009-2010	2010-2011	2011-2012	2009-2010	2010-2011	2011-2012
20,376	*19,037*	*18,911*	142	133	132

2.5 Performance measurement strategy

The performance measurement strategy applied at the Agency is based on the systematic observation of outcome indicators identified in its 2007 performance measurement framework. These indicators will be used to conduct ongoing measurement of targeted outcomes and provide material for the Agency's strategic decision-making during Fiscal Year 2009-2010. Among the indicators that will be tracked are both output (activity) indicators and outcome indicators.

Owing to their nature, anticipated outcomes will occur over a relatively long period of up to five years. Most will not be observable in the year in which disbursement is made. For instance, it is often only after two years that an enterprise's expected increase in sales fully materializes following an investment carried out with Agency assistance. That is why the Agency's performance measurement strategy is spread over a five-year horizon and why the yearly performance measurement reports will, in the initial years, be limited to outputs, immediate outcomes and intermediate outcomes

3 SUPPLEMENTARY INFORMATION

3.1 List of supplementary tables

The following tables can be found only on the Treasury Board Secretariat Web site:

www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp

Table 1: Details of Transfer Payment Programs (TPP)
Table 2: Green Procurement
Table 3: Sustainable Development Strategy (SDS)
Table 4: Internal audits
Table 5: Evaluations
Table 6: Sources of Non-respendable Revenue

3.2 Other items of interest

Agency programs: www.dec-ced.gc.ca/eng/programmes/index.html

Agency organization chart: www.dec-ced.gc.ca/eng/agency/chart/organizational.html

Agency business offices: www.dec-ced.gc.ca/eng/bureaux-affaires/affaires.html

Socio-economic profiles of Quebec regions:
www.dec-ced.gc.ca/eng/publications/economiques/profils.html